



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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Michael O. Leavitt
Governor

Robert L. Morgan
Executive Director

Lowell P. Braxton
Division Director

m/049/009

January 29, 2003

CERTIFIED RETURN RECEIPT

7099 3400 0016 8896 2765

John E. Henderson
Chief Gold Mines, Inc.
P.O. Box 51
15988 Silver Pass Road
Eureka, Utah 84628

Re: Notice of Division Directive, Failure to Comply with Regulatory Requirements, Chief Gold Mines, Inc. & Tintic Utah Metals Inc., Trixie Mine & Burgin Mine, M/049/024 & M/049/009, Utah County, Utah

Dear Mr. Henderson:

On October 8, 2002, the Division received your time extension request seeking additional time (until October 31, 2002) to provide our office with the updated \$57,900 reclamation surety for the Trixie Mine. We approved of the extension by letter dated October 24, 2002. Since then, several phone conversations have occurred between you and Division staff, with little assurance of when or if, the surety will be filed with this office. As you know, the new surety amount was originally due on February 8, 2002. The Division has granted several time extensions to Chief Gold Mines, Inc. since that date. A year has almost passed since the original due date was established for receipt of this revised surety amount.

On September 20, 2002, the Division sent you a letter concerning your August 12, 2002 request to dispose of Trixie Mine mill tailings over the Burgin Dump rather than at the Dry Stack Tailing disposal area. Certain timeframes were established as a condition to our acceptance of this proposal for reclamation to be completed by October 31, 2002 and seeding prior to winter. To date, we have received no confirmation from you that these requirements have been met at the Burgin Mine Complex.

Accordingly, you are hereby directed to contact the Division within 10 days of your receipt of this letter to schedule a meeting to discuss options to remedy these concerns.

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Please contact Vicki Southwick, Executive Secretary, at (801) 538-5304 to arrange a meeting with the Associate Director to resolve this matter. Your failure to respond accordingly may result in the issuance of a formal Notice of Agency Action. This enforcement action would require the mine operator to appear before the Board of Oil, Gas and Mining during a formal public hearing in Salt Lake City to defend your failure to comply with our regulatory requirements.

If you have any questions regarding this notice, please contact me at (801) 538-5286, or Tom Munson at 538-5321. Thank you for your immediate attention to this matter.

Sincerely,

A handwritten signature in cursive script, reading "D. Wayne Hedberg".

D. Wayne Hedberg
Permit Supervisor
Minerals Regulatory Program

jb

cc: Mary Ann Wright, DOGM
Tom Munson, DOGM

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